

VILLAGE OF DETOUR
Chippewa County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of DeTour	County Chippewa
Fiscal Year End March 31, 2008	Opinion Date May 13, 2008	Date Audit Report Submitted to State May 19, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES

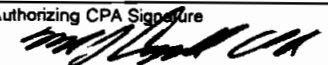
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707		License Number 1101007803	
Authorizing CPA Signature 		Printed Name Mark J. Campbell	

VILLAGE OF DETOUR
Chippewa County, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	5
Government-wide Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Business-Type Funds:	
Statement of Net Assets	11
Statement of Revenues, Expenses and Changes in Net Assets	12
Statement of Cash Flows	13
Notes to Financial Statements	14-25
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	26
Budgetary Comparison Schedule – Major Street Fund	27
Other Supporting Information:	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Standards Performed in Accordance with Government Auditing Standards	28

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 13, 2008

To the Village Council
Village of DeTour
Chippewa County, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Village of DeTour, Chippewa County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of DeTour's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Village of DeTour, Chippewa County, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 13, 2008, on our consideration of the Village's internal control over financial reporting and on tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Village's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

VILLAGE OF DETOUR
Chippewa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Village of DeTour covers the Village's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$629,722.43 for governmental activities and \$4,332,904.16 for business activities.

Overall revenues were \$429,326.74 from governmental activities and \$211,840.98 from business-type activities. Governmental activities had a \$36,779.51 increase in net assets. Business-type activities had a \$37,035.89 decrease in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Village and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Village in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Village as a whole using accounting methods used by private companies. The statement of net assets includes all of the Village's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Village are reported as governmental activities and business-type activities. These include the General Fund, Major Street Fund, Local Street Fund, Debt Service Fund, Water Fund and the Sewer Fund.

VILLAGE OF DETOUR
Chippewa County, Michigan

CONDENSED FINANCIAL INFORMATION
For the Year Ended March 31, 2008

	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Current Assets	335 123	340 268	29 222	35 789	364 345	376 057
Other Assets	-	-	59 780	60 817	59 780	60 817
Capital Assets	<u>552 659</u>	<u>524 264</u>	<u>4 991 488</u>	<u>4 918 848</u>	<u>5 544 147</u>	<u>5 443 112</u>
Total Assets	<u>887 782</u>	<u>864 532</u>	<u>5 080 490</u>	<u>5 015 454</u>	<u>5 968 272</u>	<u>5 879 986</u>
Current Liabilities	5 624	(11 268)	41 550	41 550	47 174	30 282
Non-current Liabilities	<u>289 215</u>	<u>246 077</u>	<u>669 000</u>	<u>641 000</u>	<u>958 215</u>	<u>887 077</u>
Total Liabilities	<u>294 839</u>	<u>234 809</u>	<u>710 550</u>	<u>682 550</u>	<u>1 005 389</u>	<u>917 359</u>
Net Assets:						
Invested in Capital Assets	263 444	278 187	4 294 488	4 236 298	4 557 932	4 514 485
Restricted	71 465	91 580	59 780	60 817	131 245	152 397
Unrestricted	<u>258 034</u>	<u>259 956</u>	<u>15 672</u>	<u>35 789</u>	<u>273 706</u>	<u>295 745</u>
Total Net Assets	<u>592 943</u>	<u>629 723</u>	<u>4 369 940</u>	<u>4 332 904</u>	<u>4 962 883</u>	<u>4 962 627</u>
	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Program Revenues:						
Fees and Charges for services	59 722	47 019	202 343	211 841	262 065	258 860
Capital Grants and Contributions	21 500	18 507	54 100	15 100	75 600	33 607
General Revenues:						
Property Taxes	192 121	203 625	-	-	192 121	203 625
State Revenue Sharing	118 303	104 922	-	-	118 303	104 922
Interest	12 975	9 021	2 272	2 912	15 247	11 933
Miscellaneous	<u>13 499</u>	<u>46 233</u>	<u>-</u>	<u>-</u>	<u>13 499</u>	<u>46 233</u>
Total Revenues	<u>418 120</u>	<u>429 327</u>	<u>258 715</u>	<u>229 853</u>	<u>676 835</u>	<u>659 180</u>
Program Expenses:						
Legislative	4 010	4 071	-	-	4 010	4 071
General Government	134 401	135 097	-	-	134 401	135 097
Public Safety	55 256	56 402	-	-	55 256	56 402
Public Works	161 430	181 981	266 250	266 889	427 680	448 870
Interest on Long-Term Debt	<u>15 158</u>	<u>14 996</u>	<u>-</u>	<u>-</u>	<u>15 158</u>	<u>14 996</u>
Total Expenses	<u>370 255</u>	<u>392 547</u>	<u>266 250</u>	<u>266 889</u>	<u>636 505</u>	<u>659 436</u>
Increase in Net Assets Before Transfers	47 865	36 780	(7 535)	(37 036)	40 330	(256)
Transfers	<u>(6 594)</u>	<u>-</u>	<u>6 594</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	41 271	36 780	(941)	(37 036)	40 330	(256)
Net Assets, April 1	<u>551 672</u>	<u>592 943</u>	<u>4 370 881</u>	<u>4 369 940</u>	<u>4 922 553</u>	<u>4 962 883</u>
Net Assets, March 31	<u>592 943</u>	<u>629 723</u>	<u>4 369 940</u>	<u>4 332 904</u>	<u>4 962 883</u>	<u>4 962 627</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Village's funds, focusing on significant (major) funds not the Village as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Village Council also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Village has the following types of funds:

Governmental Funds: Some of the Village's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Village's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Village's governmental funds include the General Fund, Major Street Fund, Local Street Fund, and the Debt Service Fund.

Business-Type Funds: The Village has a Water Fund and Sewer Fund which includes the activity of providing water and sewer to Village residents.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Our cash position in both the governmental and business-type activities remains strong.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The General Fund had a \$19,480.04 increase in fund balance. The Major Street Fund had a \$12,530.37 decrease in fund balance. The Local Street Fund had a \$5,027.43 decrease in fund balance. The Debt Service Fund had a \$20,114.59 increase in fund balance.

The Water Fund had a \$15,837.02 decrease in net assets and the Sewer Fund had a \$21,198.87 decrease in net assets.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Village's governmental activities invested \$0 in capital assets.

The Village's business-type activities invested \$15,124.75 in capital assets.

The Village's governmental activities paid \$43,137.68 of principal on long-term debt.

The Village's business-type activities paid \$28,000.00 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE VILLAGE'S MANAGEMENT

This financial report is intended to provide our taxpayers, creditors, investors and customers with a general overview of the Village's finances and to demonstrate the Village's accountability for the revenues it receives. If you have any questions concerning this report please contact the Village Clerk or Village Treasurer at 906-297-5471.

VILLAGE OF DETOUR
Chippewa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	313 301 47	19 702 23	333 003 70
Cash on hand	100 00	108 00	208 00
Taxes receivable	15 101 99	-	15 101 99
Accounts receivable	-	15 978 22	15 978 22
Due from State of Michigan	11 764 73	-	11 764 73
Total Current Assets	<u>340 268 19</u>	<u>35 788 45</u>	<u>376 056 64</u>
OTHER ASSETS:			
Cash in bank – restricted	-	60 817 40	60 817 40
Total Other Assets	<u>-</u>	<u>60 817 40</u>	<u>60 817 40</u>
CAPITAL ASSETS:			
Capital Assets	932 249 00	6 607 707 30	7 539 956 30
Less: Accumulated Depreciation	(407 985 00)	(1 688 859 12)	(2 096 844 12)
Total Capital Assets	<u>524 264 00</u>	<u>4 918 848 18</u>	<u>5 443 112 18</u>
TOTAL ASSETS	<u><u>864 532 19</u></u>	<u><u>5 015 454 03</u></u>	<u><u>5 879 986 22</u></u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	2 282 26	-	2 282 26
Bonds payable	-	28 000 00	28 000 00
Internal balances	(13 549 87)	13 549 87	-
Total Current Liabilities	<u>(11 267 61)</u>	<u>41 549 87</u>	<u>30 282 26</u>
NON-CURRENT LIABILITIES:			
Bonds payable	170 000 00	641 000 00	811 000 00
Contracts payable	76 077 37	-	76 077 37
Total Non-current Liabilities	<u>246 077 37</u>	<u>641 000 00</u>	<u>887 077 37</u>
Total Liabilities	<u>234 809 76</u>	<u>682 549 87</u>	<u>917 359 63</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	278 186 63	4 236 298 31	4 514 484 94
Restricted	91 579 78	60 817 40	152 397 18
Unrestricted	259 956 02	35 788 45	295 744 47
Total Net Assets	<u>629 722 43</u>	<u>4 332 904 16</u>	<u>4 962 626 59</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>864 532 19</u></u>	<u><u>5 015 454 03</u></u>	<u><u>5 879 986 22</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DETOUR
Chippewa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenue</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants - Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities:				
Legislative	4 071 08	-	-	(4 071 08)
General government	135 097 45	-	-	(135 097 45)
Public safety	56 401 76	17 912 18	18 506 88	(19 982 70)
Public works	181 980 89	29 106 68	-	(152 874 21)
Interest on long-term debt	14 996 05	-	-	(14 996 05)
Total Governmental Activities	<u>392 547 23</u>	<u>47 018 86</u>	<u>18 506 88</u>	<u>(327 021 49)</u>
Business-Type Activities:				
Water and sewer	<u>266 888 78</u>	<u>211 840 98</u>	<u>15 100 00</u>	<u>-</u>
Total Business-Type Activities	<u>266 888 78</u>	<u>211 840 98</u>	<u>15 100 00</u>	<u>-</u>
Total Government	<u>659 436 01</u>	<u>258 859 84</u>	<u>33 606 88</u>	<u>(327 021 49)</u>
General Revenues:				
Property taxes				203 624 48
State revenue sharing				104 922 07
Interest				9 021 44
Miscellaneous				<u>46 233 01</u>
Total General Revenues				<u>363 801 00</u>
Change in net assets				36 779 51
Net assets, beginning of year				<u>592 942 92</u>
Net Assets, End of Year				<u>629 722 43</u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities	Total
Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
-	(4 071 08)
-	(135 097 45)
-	(19 982 70)
-	(152 874 21)
-	(14 996 05)
-	(327 021 49)
(39 947 80)	(39 947 80)
(39 947 80)	(39 947 80)
(39 947 80)	(366 969 29)
-	203 624 48
-	104 922 07
2 911 91	11 933 35
-	46 233 01
2 911 91	366 712 91
(37 035 89)	(256 38)
4 369 940 05	4 962 882 97
4 332 904 16	4 962 626 59

VILLAGE OF DETOUR
Chippewa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS

March 31, 2008

	<u>General</u>	<u>Major Street</u>	<u>Debt Service</u>	<u>Other Funds (Local Street)</u>
<u>Assets</u>				
Cash in bank	187 073 74	20 778 59	83 955 64	21 493 50
Cash on hand	100 00	-	-	-
Taxes receivable	10 702 73	-	4 399 26	-
Due from other funds	13 549 87	-	3 224 88	-
Due from State of Michigan	-	8 557 02	-	3 207 71
Total Assets	<u>211 426 34</u>	<u>29 335 61</u>	<u>91 579 78</u>	<u>24 701 21</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	2 282 26	-	-	-
Due to other funds	3 224 88	-	-	-
Total liabilities	<u>5 507 14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Reserved	-	-	91 579 78	-
Unreserved:				
Undesignated	205 919 20	29 335 61	-	24 701 21
Total fund equity	<u>205 919 20</u>	<u>29 335 61</u>	<u>91 579 78</u>	<u>24 701 21</u>
Total Liabilities and Fund Equity	<u>211 426 34</u>	<u>29 335 61</u>	<u>91 579 78</u>	<u>24 701 21</u>

The accompanying notes are an integral part of these financial statements.

Total

313 301 47

100 00

15 101 99

16 774 75

11 764 73

357 042 94

2 282 26

3 224 88

5 507 14

91 579 78

259 956 02

351 535 80

357 042 94

VILLAGE OF DETOUR
Chippewa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	351 535 80
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	932 249 00
Accumulated depreciation	(407 985 00)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	(170 000 00)
Contracts payable	<u>(76 077 37)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>629 722 43</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>General</u>	<u>Major Street</u>	<u>Debt Service</u>	<u>Other Funds (Local Street)</u>
Revenues:				
Property taxes	144 308 38	-	59 316 10	-
Licenses and permits	4 129 00	-	-	-
Federal grant	18 506 88	-	-	-
State revenue sharing	33 600 00	50 653 10	-	20 668 97
Charges for services	42 889 86	-	-	-
Interest	6 071 55	942 87	968 49	1 038 53
Miscellaneous	40 263 68	5 969 33	-	-
Total revenues	<u>289 769 35</u>	<u>57 565 30</u>	<u>60 284 59</u>	<u>21 707 50</u>
Expenditures:				
Legislative:				
Village Council	4 071 08	-	-	-
General government:				
Elections	234 81	-	-	-
Assessor	100 00	-	-	-
Clerk	9 898 43	-	-	-
Treasurer	7 105 43	-	-	-
Building and grounds	19 446 33	-	-	-
Village hall	14 551 24	-	-	-
Accounting	20 566 07	-	-	-
Attorney	824 00	-	-	-
Unallocated	60 685 14	-	-	-
Public safety:				
Ambulance	32 479 74	-	-	-
Fire protection	10 177 02	-	-	-
Public works:				
Public works	72 186 29	-	-	-
Highways and streets	-	54 668 11	-	42 162 49
Debt service	17 963 73	-	40 170 00	-
Total expenditures	<u>270 289 31</u>	<u>54 668 11</u>	<u>40 170 00</u>	<u>42 162 49</u>
Excess (deficiency) of revenues over expenditures	<u>19 480 04</u>	<u>2 897 19</u>	<u>20 114 59</u>	<u>(20 454 99)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	15 427 56
Operating transfers out	-	(15 427 56)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(15 427 56)</u>	<u>-</u>	<u>15 427 56</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>19 480 04</u>	<u>(12 530 37)</u>	<u>20 114 59</u>	<u>(5 027 43)</u>
Fund balances, April 1	<u>186 439 16</u>	<u>41 865 98</u>	<u>71 465 19</u>	<u>29 728 64</u>
Fund Balances, March 31	<u>205 919 20</u>	<u>29 335 61</u>	<u>91 579 78</u>	<u>24 701 21</u>

The accompanying notes are an integral part of these financial statements.

Total

203 624 48
4 129 00
18 506 88
104 922 02
42 889 86
9 021 44
46 233 01

429 326 74

4 071 08

234 81
100 00
9 898 43
7 105 43
19 446 33
14 551 24
20 566 07
824 00
60 685 14

32 479 74
10 177 02

72 186 29
96 830 60
58 133 73

407 289 91

22 036 83

15 427 56
(15 427 56)

-

22 036 83

329 498 97

351 535 80

VILLAGE OF DETOUR
Chippewa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 22 036 83

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(28 395 00)
Capital Outlay	-

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>43 137 68</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>36 779 51</u></u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF NET ASSETS – BUSINESS-TYPE FUNDS

March 31, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	(883 29)	20 585 52	19 702 23
Cash on hand	54 00	54 00	108 00
Accounts receivable	<u>6 376 97</u>	<u>9 601 25</u>	<u>15 978 22</u>
Total Current Assets	<u>5 547 68</u>	<u>30 240 77</u>	<u>35 788 45</u>
OTHER ASSETS:			
Cash in bank – restricted	<u>40 876 26</u>	<u>19 941 14</u>	<u>60 817 40</u>
Total Other Assets	<u>40 876 26</u>	<u>19 941 14</u>	<u>60 817 40</u>
CAPITAL ASSETS:			
Capital Assets	2 894 261 30	3 713 446 00	6 607 707 30
Less: Accumulated Depreciation	<u>(482 391 12)</u>	<u>(1 206 468 00)</u>	<u>(1 688 859 12)</u>
Total Capital Assets	<u>2 411 870 18</u>	<u>2 506 978 00</u>	<u>4 918 848 18</u>
TOTAL ASSETS	<u>2 458 294 12</u>	<u>2 557 159 91</u>	<u>5 015 454 03</u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Current portion of long-term liabilities	13 000 00	15 000 00	28 000 00
Due to other funds	<u>13 549 87</u>	<u>-</u>	<u>13 549 87</u>
Total Current Liabilities	<u>26 549 87</u>	<u>15 000 00</u>	<u>41 549 87</u>
LONG-TERM LIABILITIES:			
Bonds payable	489 000 00	180 000 00	669 000 00
Less current portion	<u>(13 000 00)</u>	<u>(15 000 00)</u>	<u>(28 000 00)</u>
Total Long-Term Liabilities	<u>476 000 00</u>	<u>165 000 00</u>	<u>641 000 00</u>
Total Liabilities	<u>502 549 87</u>	<u>180 000 00</u>	<u>682 549 87</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1 909 320 31	2 326 978 00	4 236 298 31
Restricted	40 876 26	19 941 14	60 817 40
Unrestricted	<u>5 547 68</u>	<u>30 240 77</u>	<u>35 788 45</u>
Total Net Assets	<u>1 955 744 25</u>	<u>2 377 159 91</u>	<u>4 332 904 16</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2 458 294 12</u>	<u>2 557 159 91</u>	<u>5 015 454 03</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
BUSINESS-TYPE FUNDS
Year ended March 31, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES:			
Service charges	92 223 56	87 659 89	179 883 45
Hydrant rental	22 600 00	-	22 600 00
Miscellaneous	4 391 70	4 965 83	9 357 53
Total Operating Revenues	<u>119 215 26</u>	<u>92 625 72</u>	<u>211 840 98</u>
OPERATING EXPENSES:			
Wages	29 465 34	23 367 22	52 832 56
Fringe benefits	15 643 09	15 235 43	30 878 52
Insurance	4 992 45	4 093 20	9 085 65
Supplies	16 339 30	5 320 38	21 659 68
Repairs and maintenance	1 249 07	1 590 79	2 839 86
Contracted services	1 180 00	1 180 00	2 360 00
Utilities	12 576 30	6 511 12	19 087 42
Miscellaneous	6 469 53	2 055 97	8 525 50
Total Operating Expenses	<u>87 915 08</u>	<u>59 354 11</u>	<u>147 269 19</u>
Operating Income (loss) before depreciation	31 300 18	33 271 61	64 571 79
Less: depreciation	<u>(41 346 59)</u>	<u>(46 418 00)</u>	<u>(87 764 59)</u>
Operating income (loss)	<u>(10 046 41)</u>	<u>(13 146 39)</u>	<u>(23 192 80)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	1 321 89	1 590 02	2 911 91
Federal grant	15 100 00	-	15 100 00
Interest expense	<u>(22 212 50)</u>	<u>(9 642 50)</u>	<u>(31 855 00)</u>
Total Non-operating Revenues (Expenses)	<u>(5 790 61)</u>	<u>(8 052 48)</u>	<u>(13 843 09)</u>
Change in net assets	(15 837 02)	(21 198 87)	(37 035 89)
Net assets, beginning of year	<u>1 971 581 27</u>	<u>2 398 358 78</u>	<u>4 369 940 05</u>
Net Assets, End of Year	<u><u>1 955 744 25</u></u>	<u><u>2 377 159 91</u></u>	<u><u>4 332 904 16</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF CASH FLOWS – BUSINESS-TYPE FUNDS

Year ended March 31, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	120 196 00	92 410 11	212 606 11
Cash payments to suppliers for goods and services	(58 449 74)	(35 986 89)	(94 436 63)
Cash payments to employees for services	(29 465 34)	(23 367 22)	(52 832 56)
Net cash provided (used) by operating activities	<u>32 280 92</u>	<u>33 056 00</u>	<u>65 336 92</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on bonds	(13 000 00)	(15 000 00)	(28 000 00)
Interest paid on bonds	(22 212 50)	(9 642 50)	(31 855 00)
Federal grant proceeds	15 100 00	-	15 100 00
Increase in capital assets	(15 124 75)	-	(15 124 75)
Net cash provided (used) by capital and related financing activities	<u>(35 237 25)</u>	<u>(24 642 50)</u>	<u>(59 879 75)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	1 321 89	1 590 02	2 911 91
Net cash provided (used) by investing activities	<u>1 321 89</u>	<u>1 590 02</u>	<u>2 911 91</u>
Net increase (decrease) in cash	(1 634 44)	10 003 52	8 369 08
Cash beginning of year	41 681 41	30 577 14	72 258 55
Cash End of Year	<u>40 046 97</u>	<u>40 580 66</u>	<u>80 627 63</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Income (loss) from operations	(10 046 41)	(13 146 39)	(23 192 80)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	41 346 59	46 418 00	87 764 59
(Increase) decrease in receivables	980 74	(215 61)	765 13
Net Cash Provided (Used) in Operating Activities	<u>32 280 92</u>	<u>33 056 00</u>	<u>65 336 92</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Village of DeTour, Chippewa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Village contain all the Village funds that are controlled by or dependent on the Village's executive or legislative branches.

The reporting entity is the Village of DeTour. The Village is governed by an elected Village Council. As required by generally accepted accounting principles, these financial statements present the Village as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business-type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund

This fund is used to account for long-term debt transactions.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise funds are charges to customers for services. The enterprise funds also recognize as operating revenues the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Village. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of July 1 and the related property taxes become a lien on March 1 of the following year. These taxes are due on September 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 13.0451 mills, and the taxable value was \$15,787,050.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Village as assets with an initial cost of more than \$2,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	25-50 years
Equipment	5-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Village provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Village Council for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Village Council.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Village Council.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Village Council during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village Council has designated three financial institutions for the deposit of Village funds. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Village's deposits and investments are in accordance with statutory authority.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>382,876.10</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	116,431.59
Uninsured and Uncollateralized	<u>267,956.54</u>
Total Deposits	<u>384,388.13</u>

The Village did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Village manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Village contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Village's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Village's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 4 – Capital Assets

Capital asset activity of the Village's Governmental and Business-Type activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	163 166 00	-	-	163 166 00
Buildings	134 578 00	-	-	134 578 00
Equipment	634 505 00	-	-	634 505 00
Total	932 249 00	-	-	932 249 00
Accumulated Depreciation	(379 590 00)	(28 395 00)	-	(407 985 00)
Net Governmental Capital Assets	552 659 00	(28 395 00)	-	524 264 00
<u>Business-Type Activities:</u>				
Water and Sewer Systems	6 592 582 55	15 124 75	-	6 607 707 30
Accumulated Depreciation	(1 601 094 53)	(87 764 59)	-	(1 688 859 12)
Net Business-Type Capital Assets	4 991 488 02	(72 639 84)	-	4 918 848 18

Note 5 – Budget Variances

During the fiscal year ended March 31, 2008, Village expenditures exceeded the budgeted amounts in the activities as follows:

	Total Budget	Total Expenditures	Excess Expenditures
<u>General Fund Activity:</u>			
Elections	-	234 81	234 81
Debt service	15 700 00	17 963 73	2 263 73

Note 6 – Restricted Assets and Retained Earnings – Reserved

In accordance with Village ordinances, specific assets of the Water Fund and Sewer Fund have been restricted for the funding of required reserves. These reserves have been established to provide for the revenue bond debt service and replacement of fixed assets.

The following is a composition of the restricted assets as of March 31, 2008.

	Water Fund	Sewer Fund
Cash in bank:		
Bond Reserve Account	12 161 40	6 333 08
Bond and Interest Redemption Account	9 121 05	13 608 06
Water Repair and Replacement Account	15 739 14	-
Water Debt Service Account	3 854 67	-
Total	40 876 26	19 941 14

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 6 – Restricted Assets and Retained Earnings – Reserved (continued)

Bond Requirements

Water Supply System: Bonds maturing the years 1983 to 2012 inclusive, will be subject to redemption prior to maturity, in inverse numerical order, on any interest payment date on or after January 1, 1982, at par and accrued interest to the date of redemption.

The governing ordinance requires the Village to make quarterly deposits in an account designated "Bond and Interest Redemption Fund," an amount sufficient to pay at least one-half of the amount of the interest due on the next ensuing interest due date and one-fourth of the amount of the principal due each January 1.

In addition, the Village is required to deposit in an account designated "Bond Reserve Account," \$125.00 each quarter until there is accumulated the sum of \$10,000.00. Such funds are to be used for payment of bonds and interest as to which would otherwise be default.

Sanitary Sewer System: Bonds maturing in the years 1991 to 2018 inclusive, will be subject to redemption prior to maturity, in the inverse numerical order, on any interest payment date on or after January 1, 1990, at par and accrued interest date fixed for redemption.

The governing ordinance requires the Village to make quarterly deposits in an account designated "Bond and Interest Redemption Fund," an amount sufficient to pay at least one-half of the amount of the interest due on the next ensuing interest due date and one-fourth of the amount of the principal due each January 1.

In addition, the Village is required to deposit in an account designated "Bond Reserve Account," \$250.00 each quarter until there is accumulated the sum of \$22,000.00. Such funds are to be used for payment of bonds and interest as to which otherwise be default.

Note 7 – Proprietary Fund Fixed Assets

	<u>Enterprise</u>	
	<u>Water</u>	<u>Sewer</u>
Plant, property & equipment	2 894 261 30	3 713 446 00
Less accumulated depreciation	<u>(482 391 12)</u>	<u>(1 206 468 00)</u>
Net	<u>2 411 870 18</u>	<u>2 506 978 00</u>

Proprietary Fund fixed assets are depreciated using the straight-line method over the estimated useful lives which are fifty years.

Note 8 – Changes in Governmental Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
General obligation bonds payable	200 000 00	-	30 000 00	170 000 00
Contract payable – fire truck	45 500 00	-	3 000 00	42 500 00
Contract payable –CAT loader	20 715 05	-	10 137 68	10 577 37
Contract payable – land	<u>23 000 00</u>	<u>-</u>	<u>-</u>	<u>23 000 00</u>
Total	<u>289 215 05</u>	<u>-</u>	<u>43 137 68</u>	<u>246 077 37</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 9 – General Obligation Bonds Payable

In 1996, the Village of DeTour sold its general obligation bonds. As of March 31, 2008, the principal balance outstanding on the bonds was \$170,000.00.

<u>Due Date</u>	<u>Principal Amount</u>
10-1-08	40 000 00
10-1-09	40 000 00
10-1-10	45 000 00
10-1-11	45 000 00
Total	<u>170 000 00</u>

Note 10 – Contract Payable – Fire Truck

As of March 31, 2008, the principal balance outstanding was \$42,500.00. The interest rate is 4.75% per annum.

<u>Due Date</u>	<u>Principal Amount</u>
5-1-08	4 000 00
5-1-09	4 000 00
5-1-10	4 000 00
5-1-11	4 000 00
5-1-12	4 000 00
5-1-13	4 250 00
5-1-14	4 250 00
5-1-15	4 500 00
5-1-16	4 750 00
5-1-17	4 750 00
Total	<u>42 500 00</u>

Note 11 – Contract Payable – CAT Loader

In 2004, the Village obtained a loan in the amount of \$50,499.00 to fund the purchase of a CAT Loader. The loan requires payment in five annual payments in the amount of \$10,976.24 including interest at the rate of 4.00% per annum. As of March 31, 2008, the principal balance outstanding was \$10,577.37.

Note 12 – Contract Payable -- Land

The Village entered into a land contract with Cloverland Electric. The Village agreed to pay \$10,000.00 upon the signing of the land contract, and the balance in 20% increments upon the sale or lease of each individual parcel.

Note 13 – 1972 Water Revenue Bonds Payable

In 1972, the Village of DeTour sold its bonds to fund the construction of the water system. As of March 31, 2008, the principal balance outstanding on the bonds was \$32,000.00.

<u>Due Date</u>	<u>Principal Amount</u>
1-1-09	8 000 00
1-1-10	8 000 00
1-1-11	8 000 00
1-1-12	8 000 00
Total	<u>32 000 00</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 14 – 2005 Water Revenue Bonds Payable

In 2005, the Village of DeTour sold \$477,000.00 of its bonds to fund further construction of the water system. As of March 31, 2008, the principal balance outstanding was \$457,000.00 and it is recorded in the Water Fund.

<u>Due Date</u>	<u>Principal Amount</u>
1-1-09	5 000 00
1-1-10	6 000 00
1-1-11	6 000 00
1-1-12	6 000 00
1-1-13	6 000 00
1-1-14	7 000 00
1-1-15	7 000 00
1-1-16	7 000 00
1-1-17	8 000 00
1-1-18	8 000 00
1-1-19	8 000 00
1-1-20	9 000 00
1-1-21	9 000 00
1-1-22	9 000 00
1-1-23	10 000 00
1-1-24	10 000 00
1-1-25	11 000 00
1-1-26	11 000 00
1-1-27	12 000 00
1-1-28	12 000 00
1-1-29	13 000 00
1-1-30	13 000 00
1-1-31	14 000 00
1-1-32	15 000 00
1-1-33	15 000 00
1-1-34	16 000 00
1-1-35	17 000 00
1-1-36	17 000 00
1-1-37	18 000 00
1-1-38	19 000 00
1-1-39	20 000 00
1-1-40	21 000 00
1-1-41	22 000 00
1-1-42	23 000 00
1-1-43	23 000 00
1-1-44	<u>24 000 00</u>
Total	<u>457 000 00</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 15 – 1970 Sewer Revenue Bonds Payable

In 1970, the Village of DeTour sold its bonds to fund the construction of the sewer system. As of March 31, 2008, the principal balance outstanding was \$180,000.00 and it is recorded in the Sewer Fund.

<u>Due Date</u>	<u>Principal Amount</u>
1-1-09	15 000 00
1-1-10	15 000 00
1-1-11	15 000 00
1-1-12	15 000 00
1-1-13	20 000 00
1-1-14	20 000 00
1-1-15	20 000 00
1-1-16	20 000 00
1-1-17	20 000 00
1-1-18	<u>20 000 00</u>
Total	<u>180 000 00</u>

Note 16 – Interfund Transfers

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Local Street	<u>15 427 56</u>	Major Street	<u>15 427 56</u>
Total	<u>15 427 56</u>	Total	<u>15 427 56</u>

Note 17 – Deferred Compensation Plan

The Village does not have a deferred compensation plan.

Note 18 – Pension Plan

Plan Description

The Village has a defined benefit pension plan covering substantially all full-time employees. The plan is operated by the State of Michigan Municipal Employees Retirement System (MERS), which is a cost-sharing multiple-employer retirement system.

The pension plan provides pension, death and disability benefits. Benefits vest after 10 years of service. Normal retirement is based on one of the following requirements:

1. Age 60 and 10 or more years of credited service.
2. Age 55 and 15 or more years of credited service.
3. Age 50 and 25 or more years of credited service (reduced benefit)

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 18 – Pension Plan

Plan Description (continued)

The Village's current year covered payroll and its total current year payroll for all employees amounted \$108,872.19 and \$126,199.74 respectively.

Plan Description

Pension Benefit Obligation

The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2006.

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$97,284
Terminated employees not yet receiving benefits	2,244
Current employees – Accumulated employee contributions including allocated Investment income	-
Employer financed	<u>245,655</u>
Total Actuarial Accrued Liability	345,183
Net Assets Available for Benefits, at Actuarial Value (Market Value is \$207,150)	<u>204,292</u>
Overfunded (Unfunded) Actuarial Accrual Liability	<u>(140,891)</u>

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The annual required contribution for the fiscal year beginning April 1, 2008, is \$19,500.00.

Total employer contributions made during the fiscal year ended March 31, 2008, amounted to \$19,691.17.

Note 19 – Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Village has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 20 – Segment Information for Enterprise Funds

The Village maintains two Enterprise Funds which provide water and sewer services. Segment information for the year ended March 31, 2008, is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>
Operating revenues	119 215 26	92 625 72
Depreciation expense	41 346 59	46 418 00
Change in net assets	(15 837 02)	(21 198 87)
Operating income (loss)	(10 046 41)	(13 146 39)
Bonds payable	489 000 00	180 000 00
Net working capital	(21 002 19)	15 240 77
Net assets	1 955 744 25	2 377 159 91

Note 21 – Building Permits

The Village of DeTour does not issue building permits. Building permits are issued by the County of Chippewa.

VILLAGE OF DETOUR
Chippewa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	130 000 00	130 000 00	144 308 38	14 308 38
Licenses and permits	5 700 00	5 700 00	4 129 00	(1 571 00)
Federal grant	-	-	18 506 88	18 506 88
State revenue sharing	27 000 00	27 000 00	33 600 00	6 600 00
Charges for services	72 000 00	72 000 00	42 889 86	(29 110 14)
Interest	6 000 00	6 000 00	6 071 55	71 55
Miscellaneous	117 768 00	117 768 00	40 263 68	(77 504 32)
Total revenues	358 468 00	358 468 00	289 769 35	(68 698 65)
Expenditures:				
Legislative:				
Village Council	4 500 00	4 500 00	4 071 08	(428 92)
General government:				
Elections	-	-	234 81	234 81
Assessor	100 00	100 00	100 00	-
Clerk	9 900 00	9 900 00	9 898 43	(1 57)
Treasurer	7 800 00	7 800 00	7 105 43	(694 57)
Building and grounds	20 700 00	20 700 00	19 446 33	(1 253 67)
Village hall	16 300 00	16 300 00	14 551 24	(1 748 76)
Accounting	23 500 00	23 500 00	20 566 07	(2 933 93)
Attorney	1 500 00	1 500 00	824 00	(676 00)
Unallocated	118 218 00	118 218 00	60 685 14	(57 532 86)
Public safety:				
Ambulance	40 550 00	40 550 00	32 479 74	(8 070 26)
Fire protection	11 500 00	11 500 00	10 177 02	(1 322 98)
Public works:				
Public works	88 200 00	88 200 00	72 186 29	(16 013 71)
Debt service	15 700 00	15 700 00	17 963 73	2 263 73
Total expenditures	358 468 00	358 468 00	270 289 31	(88 178 69)
Excess (deficiency) of revenues over expenditures	-	-	19 480 04	19 480 04
Fund balance, April 1	-	-	186 439 16	186 439 16
Fund Balance, March 31	-	-	205 919 20	205 919 20

VILLAGE OF DETOUR
Chippewa County, Michigan

BUDGETARY COMPARISON SCHEDULE – MAJOR STREET FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
State revenue sharing	54 000 00	54 000 00	50 653 10	(3 346 90)
Interest	1 500 00	1 500 00	942 87	(557 13)
Miscellaneous	18 846 00	18 846 00	5 969 33	(12 876 67)
Total revenues	74 346 00	74 346 00	57 565 30	(16 780 70)
Expenditures:				
Public works:				
Highways and streets	58 346 00	58 346 00	54 668 11	(3 677 89)
Total expenditures	58 346 00	58 346 00	54 668 11	(3 677 89)
Excess (deficiency) of revenues over expenditures	16 000 00	16 000 00	2 897 19	(13 102 81)
Other financing sources (uses):				
Operating transfers out	(16 000 00)	(16 000 00)	(15 427 56)	(572 44)
Total other financing sources (uses)	(16 000 00)	(16 000 00)	(15 427 56)	(572 44)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	(12 530 37)	(12 530 37)
Fund balance, April 1	-	-	41 865 98	41 865 98
Fund Balance, March 31	-	-	29 335 61	29 335 61

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 13, 2008

To the Village Council
Village of DeTour
Chippewa County, Michigan

We have audited the financial statements of the Village of DeTour, Chippewa County, Michigan, as of and for the year ended March 31, 2008, and have issued our report thereon dated May 13, 2008. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether Village of DeTour's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of DeTour's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted an inadequate control over cash transactions caused by an inherent lack of segregation of duties which is due to the limited number of office personnel employed involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Campbell, Kusterer & Co., P.C.
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Certified Public Accountants

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 13, 2008

To the Village Council
Village of DeTour
Chippewa County, Michigan

We have audited the financial statements of the Village of DeTour for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Village of DeTour in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Village Council
Village of DeTour
Chippewa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Village's system of internal control is affected by the size of staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Village cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Village Council Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Village's financial statements and this communication of these matters does not affect our report on the Village's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,


CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants